



California State Teachers'  
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December 30, 2003

TO: All County Superintendents of Schools  
District Superintendents of Schools  
Community College Districts and  
Other Employing Agencies

FROM: EXECUTIVE OFFICE

SUBJECT: EMPLOYER DIRECTIVE 2003-06  
Supersedes Administrative Directive 94-05  
Retirement Incentive Programs for CalSTRS Members Authorized by  
Assembly Bill 1207 (Chapter 313, Statutes of 2003)

### PURPOSE

The purpose of this directive is to inform employers about procedures regarding newly enacted legislation (AB 1207) that made permanent the existing retirement incentive program often referred to as the "Golden Handshake" (now referred to as the 2-Year Retirement Incentive Program) and establishes a new retirement incentive program (now referred to as the 2+2 Retirement Incentive Program) for members of the Defined Benefit (DB) Program.

### SCOPE

This directive contains information for county superintendents of schools, school districts, community college districts, and any employing agencies that employ California State Teachers' Retirement System (CalSTRS) members who are granted either retirement incentive. The procedures described in this directive supersede those described in Administrative Directive 94-05, for the 2-Year Retirement Incentive Program and establishes procedures for the new 2+2 Retirement Incentive Program.

## DISCUSSION

AB 1207, enacted as Chapter 313, added and repealed Education Code Sections 22714, 44929, and 87488 to reestablish effective January 1, 2004, and make permanent the retirement incentive program, which provides for an additional two years of service credit. Education Code Sections 22714.5, 44929.1, and 87488.1, established a new retirement incentive program effective January 3, 2004, which provides for an additional two years of service credit and two years of age to be added to a member's age at retirement to increase the amount of the member's monthly retirement allowance. Employers, including Charter Schools, may offer one or both of the retirement incentives, but may not combine or use a portion of either incentive. Participating school employers must:

- Demonstrate a cost savings over a period of time, agreed to by the County Superintendent, Superintendent of Public Instruction, or Chancellor, as appropriate:
- Pay for the entire cost including the administrative fee, of either incentive offered, in a lump-sum payment or in deferred payments over an eight year period of time. Regular interest compounded monthly will be charged on the balance for the deferred payment plan.
- Offer either retirement incentive within a designated period of time (referred to as the "window period").

All members of the CalSTRS DB Program who are eligible to retire are eligible to receive either retirement incentive. All eligible CalSTRS DB Program members may receive two additional years of service credit to be used in their benefit calculation or an additional two years of service credit and an additional two years of age added to increase the age factor which is used in determining the member's retirement allowance. The additional two years of service credit granted under either retirement incentive program does not count toward eligibility for benefit enhancements such as the one-year final compensation, longevity bonus or the career factor or toward qualifying for a retirement benefit. To be eligible to retire, a member must be:

- Age 55 with at least 5 years of service (excluding unused sick leave or service credit granted under either retirement incentive) or
- Age 50 with at least 30 years of service (excluding unused sick leave or service credit granted under either retirement incentive) or
- Age 55 with fewer than five years of service credit but eligible for concurrent retirement with another California public retirement system such as the California Public Employees' Retirement System (CalPERS).

### **Offering the Retirement Incentive Programs**

Offering either of the retirement incentive programs is not mandatory, but is at the discretion of each employer.

2-Year Retirement Incentive Program

Participating school districts, community college districts, and county offices of education may provide the two years service credit retirement incentive benefit to eligible members of the DB Program when its governing board takes formal action to provide the benefit to all of its employees eligible as members of the DB Program, and the employer pays the benefit's costs and associated administrative fees to CalSTRS.

2+2 Retirement Incentive Program

Participating school districts, community college districts and county offices of education may provide two years service credit and two years of age retirement incentive to eligible members of the DB Program pursuant to a Memorandum of Understanding (MOU) between the employer and the representative employee organization, and when the employer pays the entire cost of the incentive and associated administrative fees to CalSTRS. The terms of the MOU may place additional, more restrictive eligibility requirements on employees, or may specify groups of employees eligible to receive the 2+2 retirement incentive. For example, a collective bargaining agreement could specify which of the represented employees are eligible.

DB Program members who are not represented by an employee organization may receive the 2+2 retirement incentive only if the governing board of the school district, community college district, or county office of education takes formal action to provide the benefit to all of its employees eligible to retire as members of the DB Program, and the employer pays the benefit's costs and associated administrative fees to CalSTRS.

**Window Period**

2-Year Retirement Incentive Program

To receive the two years additional service credit incentive, members must retire after January 1, 2004, and during the "window period" of 60 to 120 days as specified in the formal action taken by the governing board. The window period must begin some time after the governing board adopts the resolution.

2+2 Retirement Incentive Program

To receive the two years additional service credit and two years of age incentive, the member must retire during the "window period" as specified in the MOU or formal action taken by the employer's governing board. A window period may be open for any specified length of time, as long as it begins on or after January 3, 2004, (the effective date of the 2+2 Retirement Incentive Program) and the MOU or board action to establish the window occurs prior to the January 1, 2005, sunset date. Employers may establish multiple window periods in future school years, as long as the window periods are established prior to January 1, 2005. Employers may not revise window periods after January 1, 2005.

If formal action is taken before January 1, 2005, to establish future window periods for the 2+2 Retirement Incentive Program, employers may include conditional language that allows

the option of opening these window periods based on the circumstances at that time. This could include, for example, the availability of funding, or other criteria specifically identified in the MOU or governing board resolution.

Window periods may be consecutive, but may not overlap.

Future window periods established prior to January 1, 1999

Window periods established prior to January 1, 1999, under the previous Golden Handshake Program will be honored if the employees are retiring on or after January 1, 2004, under an old resolution for employer cost savings or under a MOU. Such employees will be subject to the post-retirement employment restrictions as well as the increased administrative fees and the eight-year deferred payment plan in accordance with Education Code Sections 22714.5, 44929.1, and 87488.1. CalSTRS will monitor the public school earnings of retired members who have been granted the retirement incentive.

**Cost of the Retirement Incentive Programs**

The employer must pay for the entire cost of the incentive and may pay for either retirement incentive program in one lump-sum payment or an eight-year deferred payment plan. Deferred plan balances may be paid in full prior to the eighth year with no early payment penalty. Regular interest compounded monthly will be charged on the remaining balance for deferred payment plans. Each fiscal year, the Teachers' Retirement Board establishes the regular interest rate. The interest rate is determined by the rate in effect at the time of retirement and will not change during the course of payment. The regular interest rate for the 2003-04 fiscal year is 6 percent. CalSTRS will only accept payments for the cost of the retirement incentive from the employer; we are not authorized to accept payments directly from members to pay for either retirement incentive. In instances where the member's benefit increase is forfeited, any remaining balance due to CalSTRS must still be paid by the employer.

The cost of either retirement incentive program for each member will vary depending on his or her specific age, service credit and final compensation. For example, a member who is age 60 with 30 years of service credit and has a monthly final compensation amount of \$5,000 per month would receive an additional \$220 per month for two additional years of service credit or an additional \$520 per month for two additional years of service credit and two additional years of age. The employer's cost would be approximately \$35,400 for the two years of service credit and approximately \$86,894 for two years of service credit and two years of age.

The maximum age factor a member can receive is 2.4 percent, including the career factor and/or retirement incentive. For members needing less than two additional years of age to reach the maximum age factor, only the number of years of age necessary to reach the maximum age factor will be added. Employers are only required to pay for the actual increase in the member's retirement allowance. For those members ages 63 and older, or ages 61.5 and older with 30 or more years of service, no additional years will be added to their age factor

calculation, and will not be used to calculate employer's cost because those members have reached the maximum age factor.

### **Administrative Fee**

The administrative fees are \$290 for the lump sum payment and \$360 for the deferred eight-year payment plan per member who receives either retirement incentive.

### **Calculating the Cost for a Specific CalSTRS Member**

The actual cost of the retirement incentive will be provided by CalSTRS after the appropriate forms are submitted. Employers should estimate the cost for any specific eligible employee by following the steps below.

#### 2-Year Retirement Incentive Program

1. For members with 25 or more years of credited service, determine the member's highest fiscal year earnable (contract) salary plus any special compensation creditable to the DB Program.

For members with less than 25 years of credited service, add the member's three highest fiscal years of the member's earnable (contract) salary plus any special compensation and divide the sum of the three years salary by three to get the average yearly salary.

2. If the member has less than 30 years of service credit, multiply the result from number 1 above by the factor from Exhibit A-1, Table 1 (attached) for the member's age in years and months at retirement.

If the member has more than 30 years of service credit, multiply the result from number 1 above by the factor from Exhibit A-1, Table 2 (attached).

#### **Example:**

Sam Roberts has 29 years of service credit, is 59 years old and 0 months and his annual compensation earnable is \$59,000. Calculate the total cost of offering the 2-year retirement incentive for Sam as follows:

$\$59,000 \times .514$  (from Exhibit A-1, Table 1) = **\$30,326** Employer's Estimated Cost\*

#### 2+2 Retirement Incentive Program

1. Calculate two years additional service credit cost using steps 1 and 2 from above.
2. If a member has less than 30 years of service, multiply the member's service credit (including the two years of service credit granted under the incentive) by the value in Exhibit A-1, Table 3 that corresponds to the member's age in years and months.

**Important**



**Note:** *If member is 63 years old or older, use Exhibit A-1, Table 2, because they will have already reached the maximum age/career factor.*

If a member has more than 30 years of service, multiply the member's service credit (including the two years of service credit granted under the incentive) by the value in Exhibit A-1, Table 4 that corresponds to the member's age in years and months. **Note:**

**Important**



**Note:** *If member is 61 years and six months or older, with 30 or more years of service use Exhibit A-1, Table 2, because they will have already reached the maximum age/career factor.*

3. Multiply by the highest annual compensation earnable (same procedure as steps 1 and 2 for the 2-year retirement incentive).
4. Add figure to the employer's estimated cost total that you calculated in step 1.

This is the estimated cost of the 2+2 retirement incentive for that employee.

**Example:**

Sam Roberts has 29 years of service credit, is 59 years old and 0 months and his annual compensation earnable is \$59,000. Calculate the total cost of offering the 2+2 retirement incentive for Sam as follows:

Step 1: Calculate two years additional service credit cost. (Already calculated above: \$30,326)

Step 2: Find factor based on age in years and months in Exhibit A-1, Table 3, (59 years and 0 months) .03458 X 31 (years of service credit, (29) plus two years of service credit under retirement incentive = 31) X annual compensation earnable = \$63,246.

Step 3: Total cost for 2+2 retirement incentive is:  
 $\$30,326 + \$63,246 = \$93,572$  Employer's Estimated Cost\*

\* Estimated employer's cost excluding administrative fee and regular interest for deferred payment plans.

**Time Period for Cost Savings Realization/Projected Cost Savings**

Employers may show a cost savings over any number of years they choose, regardless of the payment plan selected. The cost savings period and the methodology for determining the level of cost savings must be agreed to by the County Superintendent, Superintendent of Public Instruction, or Chancellor prior to finalizing the MOU or formal agreement.

It is not necessary to show a cost savings for every member, only an overall cost savings by offering to all eligible DB members.

CalSTRS is not the approving authority for cost savings. It is the employer's responsibility to demonstrate the cost savings and it is the responsibility of the County Superintendent, Superintendent of Public Instruction, or Chancellor, as the case may be, to certify that the actual cost savings will be realized.

In calculating cost savings, the domino effect of filling a position after an employee retires under either of the retirement incentive programs can be included; for example, a retiring superintendent is replaced by promoting a principal, who in turn is replaced by promoting a teacher, and the teacher is replaced by a newly hired teacher. Refer to the Domino Effect Example (Exhibit A-3).

An employer who participates in either of the retirement incentive programs and opens more than one window period must be able to demonstrate a combined cost savings for all members per window period.

The County Superintendents' Association has created an automated program in MS Excel which may be used by all employers to calculate cost savings. It is the understanding of CalSTRS that this calculator will be sent to county superintendents and chief business officials for distribution to their districts.

### **Restrictions on post-retirement employment**

Members who retire and receive either of the retirement incentive programs under AB 1207, and then return to work in the California public school system will forfeit the benefit increase received through either of the retirement incentives. This includes:

- Reinstating to active CalSTRS member status. The benefit is forfeited as of the reinstatement date and will not be included in future retirement allowance calculations.
- Returning to work in any job for any California public school district within one year of the retirement date. There is no exemption from this restriction. The benefit is forfeited effective on the first day of the month in which the member worked.
- Returning to work in any job with the school district that granted either of the retirement incentive programs within five years of the retirement. There is no exemption from this restriction. The benefit increase is forfeited effective on the first day of the month in which the member worked.
- Receiving unemployment insurance payments within a year of his or her retirement date.

CalSTRS will monitor the earnings of retired members who have been granted either retirement incentive.

In instances where the member's benefit increase is forfeited, any remaining balances due to CalSTRS must still be paid by the employer.

Employers must notify CalSTRS when hiring a retired CalSTRS member receiving a benefit that includes one of the retirement incentives. If the employee is not subject to CalSTRS covered employment, please notify Nancy Thomas at (916) 229-3280, immediately to report such hiring. For CalSTRS covered positions notification will be obtained through the regular reporting of salary information to CalSTRS.

### ACTION

#### **Employer Qualifying Requirements**

The State Controller's Office, in consultation with the Department of Finance and the Department of Education, annually develops an audit guide and plan to determine that costs are fairly stated and achieved. The forms submitted to CalSTRS must be made available for audit by participating employers and the State Controller. The State Controller and the Chancellor then submit an annual cost analysis report to the Governor and the Legislature.

When an employer offers the 2-Year Retirement Incentive Program, the benefit must be offered to all employees who have met retirement eligibility requirements. The 2+2 Retirement Incentive Program may be offered to selected smaller groups of represented employees pursuant to an MOU between the employer and the representative employee organization. Non-represented members may receive the two years service credit and two years of age retirement incentive if the governing board takes formal action to provide the benefit to all of its employees eligible to retire as a member of the DB Program. Employers, including Charter Schools, may offer one or both of the retirement incentives, but may not combine or use a portion of either incentive.

To participate in either of the retirement incentive programs, the employer must:

1. Demonstrate a cost savings over a period of time of their choice. Determine that the net effect of granting the two additional years of service credit or two additional years of service credit and two additional years of age will result in a net savings to the employer.
2. Take formal action at any time to offer the 2-Year Retirement Incentive Program (adopt a resolution consistent with the provisions of Education Code Sections 22714 and 44929 or 87488), specifying the inclusive period of participation (window period), which for the two additional years of service must be at least 60, but not more than 120 consecutive days.

Or



Take formal action or enter into a MOU before January 1, 2005, to offer the 2+2 Retirement Incentive Program (adopt the provisions of Education Code Sections 22714.5 and 44929.1 or 87488.1). The length of the window period may be determined by the employer.

3. Pay for the entire cost, including the administrative fee, of either incentive offered. Payment may be made in a lump-sum payment or in deferred payments over an eight year period of time.
4. Offer either retirement incentive within a designated period of time (referred to as the "window period").
5. Offer the 2-Year Retirement Incentive Program to all employees eligible to retire in the DB Program or offer the 2+2 Retirement Incentive Program to a select group of represented employees. (Refer to pages 2 and 3 on Offering the Retirement Incentive Programs)
6. Prepare and submit for certification to the County Superintendent, Superintendent of Public Instruction, or Chancellor, as appropriate:
  - Certification of Employer Participation, form MS 1169-1
  - Certification Information, forms MS 1169-2 and MS 1169-3
  - Employer Certification of Member Eligibility, form MS 187
7. The County Superintendent, Superintendent of Public Instruction, or Chancellor, as appropriate, approves and submits the forms listed above to CalSTRS certifying that the employer and employee meet all requirements of Education Code Sections 22714, 44929, and 87488 or Sections 22714.5 and 44929.1 or 87488.1, authorizing two additional years of service credit or two additional years of service credit and two additional years of age.

Receipt of the Certification of Employer Participation (MS 1169-1) and the Employer Certification of Member Eligibility (MS 187) authorizes CalSTRS to credit the member with two additional years of service or two additional years of service credit and two additional years of age and to bill the employer for costs.

### **Employee Qualifying Requirements**

To qualify for either retirement incentive program, an employee (CalSTRS member) must:

1. Be eligible for service retirement under Education Code Section 24201 or 24202.
2. File a retirement application with CalSTRS no later than the end of the month in which he or she wishes the benefit to begin.
3. Retire within the window period established by the employer.
4. Not reinstate to active CalSTRS member status or the benefit is forfeited as of the reinstatement date and will not be included in future retirement allowance calculations.

5. Not return to work in any job for any California public school district within one year of the retirement date or the benefit is forfeited effective on the first day of the month in which the member worked.
6. Not return to work in any job with the school district that granted the retirement incentive within five years of the retirement date or the benefit is forfeited effective on the first day of the month in which the member worked.
7. Not receive any unemployment insurance payments within one year of retirement.

### **Employer Certification Requirements**

To indicate intent to participate in either of the retirement incentive programs, the employer demonstrates and certifies to the next level of authority (County Superintendent, Superintendent of Public Instruction, or Chancellor) who, in turn, certifies to CalSTRS that the employer and the employee meet all requirements of Education Code Sections 22714, 44929 or 87488 or Sections 22714.5 and 44929.1 or 87488.1.

Certification requires original signatures of both the employer and the next level of authority on CalSTRS forms.

The County Superintendent, Superintendent of Public Instruction, or Chancellor is the approving authority, as appropriate. Certification by these entities gives CalSTRS the authorization to add two additional years of service credit or two additional years of service credit and two additional years of age to the retiree's allowance calculation and to collect the retirement incentive present value and administrative costs from the participating employer.

The following forms must be completed, certified and submitted to CalSTRS:

1. Certification of Employer Participation (MS 1169-1) as soon as possible after governing board approval or MOU agreement to offer either retirement incentive. CalSTRS must also receive a copy of the approved resolution or MOU.

This form is used to certify that the employer meets the requirements under Education Code Sections 22714, 44929 or 87488 and Sections 22714.5 and 44929.1 or 87488.1, and that formal action was taken (usually in the form of an approved governing board resolution) or that a MOU agreement was completed. It also indicates the window period. The employer is required to indicate the qualifying criteria by selecting box #9 and completing and submitting the Certification Information forms (MS 1169-2 and MS 1169-3). See item 2 below.

2. Certification Information (MS 1169-2 and MS 1169-3) to be sent with Certification of Employer Participation (MS 1169-1) or as soon as possible, but no later than 30 days after the effective retirement date(s).

The Certification Information forms (MS 1169-2 and MS 1169-3) are used to report cost savings information indicated by selecting box #9 on the Certification of Employer Participation form (MS 1169-1). The Cost Savings Realization Worksheet (Exhibit A-2) supports information reported on the Certification Information forms (MS 1169-2 and MS 1169-3), but the Cost Savings Realization Worksheet (Exhibit A-2) is not submitted to CalSTRS.

3. Employer Certification of Member Eligibility form (MS 187) must be submitted to CalSTRS within 30 days after the effective retirement date.

This form is used to certify that the employee meets the requirements under Education Code Sections 22714, 44929 or 87488 or Sections 22714.5 and 44929.1 or 87488.1, and to indicate the payment plan selected by the employer.

### **Employer Payment Requirements**

Employers are required to submit to the Teachers' Retirement Fund the actuarial cost of the two additional years of service credit or the two additional years of service credit and two additional years of age. The cost shall consist of:

1. The present value of the benefit increase amount of two additional years of service credit or the two additional years of service credit and two additional years of age.
2. The CalSTRS administrative fees are \$290 for the lump-sum payment or \$360 for the eight-year deferred payment plan.
3. Accrued interest, at the rate in effect on the effective date of retirement, applied to:
  - the present value amount, if the deferred payment plan is selected.
  - the present value amount not paid within 30 days from the effective date of retirement, if lump-sum payment plan is selected.

Employers are required to select one of two payment plans available:

- **Lump-Sum Payment** – An estimated lump sum payment must be submitted to CalSTRS with the Employer Certification of Member Eligibility form (MS 187) within 30 days from the effective retirement date. Use Exhibit A-1, Table 1 or 2 (for 2-Year Retirement Incentive) or Exhibit A-1, Table 3 or 4 (for 2+2 Retirement Incentive) to estimate present value.

Lump-Sum payment includes CalSTRS administrative fee of \$290 and the estimated present value of the two additional years of service credit or the two additional years of service credit and two additional years of age for both the allowance and purchasing power supplemental payment.

If the actual present value is higher than estimated, the employer will be billed for the difference. If the actual present value is lower than estimated, the employer will

**Important**



receive a refund of the difference. **Note: *If payment in full is not made within 30 days after the effective retirement date, interest will accrue at the rate in effect on the retirement date.***

- Deferred-payment plan – Payments will be made in eight annual installments beginning one year from the effective retirement date.

Deferred payment includes the CalSTRS administrative fee of \$360, the present value of the two additional years of service credit or the two additional years of service credit and two additional years of age for the allowance and accrued interest through date of invoice at the rate in effect on the retirement date.

CalSTRS will bill annually from the effective date of retirement. Payment must be received by CalSTRS within 30 days from the invoice date. The administrative fee is included in the first payment.

Initial Retirement Allowance Amount

The member's initial retirement allowance will not include the increase for the additional service credit or the additional service credit and additional age. The increase will be included in the retirement allowance calculation; after all required forms have been received and processed by CalSTRS. The increase is retroactive to each member's retirement date.

Using This Directive as a Reference

This directive is intended to serve as a reference for the retirement incentive programs as implemented under Chapter 313, Statutes of 2003. Please refer to it whenever any issue related to either retirement incentive program arises.

Contact

Please direct questions regarding this employer directive or procedures to Nancy Thomas of Service Retirement at (916) 229-3280. Direct all billing inquiries to Terence Hung of Accounting Services at (916) 229-4786.

Jack Ehnes  
Chief Executive Officer

Attachments

## LIST OF ATTACHMENTS

<b>Attachment Number</b>	<b>Title of Attachment</b>	
1	2-Year Retirement Incentive for Less Than 30 Years of Service	EXHIBIT A-1, TABLE 1
2	2-Year Retirement Incentive for 30 or More Years of Service	EXHIBIT A-1, TABLE 2
3	2+2 Retirement Incentive for Less Than 30 Years of Service	EXHIBIT A-1, TABLE 3
	2+2 Retirement Incentive for 30 or More Years of Service	EXHIBIT A-1, TABLE 4
4	Cost Savings Realization Worksheet	EXHIBIT A-2
5	Domino Effect Example	EXHIBIT A-3
6	Employer Certification of Member Eligibility	Form MS 187
7	Employer Certification of Member Eligibility (Instructions)	Form MS 187i
8	Certification of Employer Participation	Form MS 1169-1
9	Certification of Employer Participation (Instructions)	Form MS 1169-1i
10	Certification Information	Form 1169-2
11	Certification Information (Additional page)	Form 1169-3
12	Certification Information (Instructions)	Form 1169-2 & 3i
13	Retirement Incentive Program Resolution	

**Exhibit A-1, Table 1**  
**2-Year Retirement Incentive**  
**for Less Than 30 Years of Service**

AGE		MONTHS OF AGE							
		0-2		3-5		6-8		9-11	
<b>50</b>		<b>0.345</b>		<b>0.349</b>		<b>0.353</b>		<b>0.357</b>	
51		0.359		0.363		0.367		0.371	
52		0.373		0.376		0.379		0.382	
53		0.386		0.389		0.392		0.395	
54		0.398		0.401		0.404		0.407	
<b>55</b>		<b>0.410</b>		<b>0.417</b>		<b>0.424</b>		<b>0.431</b>	
56		0.438		0.445		0.452		0.459	
57		0.465		0.471		0.477		0.483	
58		0.490		0.496		0.502		0.508	
59		0.514		0.520		0.526		0.532	
<b>60</b>		<b>0.536</b>		<b>0.542</b>		<b>0.548</b>		<b>0.554</b>	
61		0.561		0.567		0.573		0.579	
62		0.584		0.589		0.594		0.599	
63		0.604		0.601		0.598		0.595	
64		0.591		0.588		0.585		0.582	
<b>65</b>		<b>0.577</b>		<b>0.574</b>		<b>0.571</b>		<b>0.568</b>	
66		0.563		0.560		0.557		0.554	
67		0.549		0.545		0.541		0.537	
68		0.534		0.531		0.528		0.525	
69		0.520		0.516		0.512		0.508	
<b>70</b>		<b>0.505</b>		<b>0.501</b>		<b>0.497</b>		<b>0.493</b>	
71		0.490		0.486		0.482		0.478	
72		0.475		0.471		0.467		0.463	
73		0.459		0.455		0.451		0.447	
74		0.443		0.439		0.435		0.431	
<b>75</b>		<b>0.426</b>		<b>0.422</b>		<b>0.418</b>		<b>0.414</b>	
76		0.409		0.405		0.401		0.397	
77		0.392		0.388		0.384		0.380	
78		0.375		0.371		0.367		0.363	
79		0.359		0.355		0.351		0.347	
<b>80</b>		<b>0.343</b>		<b>0.339</b>		<b>0.335</b>		<b>0.331</b>	

**Exhibit A-1, Table 2**  
**2-Year Retirement Incentive**  
**for 30 or More Years of Service**

AGE	MONTHS OF AGE						
	0-2	3-5	6-8	9-11			
<b>50</b>	<b>0.408</b>	<b>0.411</b>	<b>0.414</b>	<b>0.417</b>			
51	0.421	0.424	0.427	0.430			
52	0.434	0.437	0.440	0.443			
53	0.446	0.449	0.452	0.455			
54	0.458	0.461	0.464	0.467			
<b>55</b>	<b>0.468</b>	<b>0.475</b>	<b>0.482</b>	<b>0.489</b>			
56	0.495	0.502	0.509	0.516			
57	0.521	0.527	0.533	0.539			
58	0.546	0.552	0.558	0.564			
59	0.569	0.574	0.579	0.584			
<b>60</b>	<b>0.590</b>	<b>0.596</b>	<b>0.602</b>	<b>0.608</b>			
61	0.613	0.614	0.615	0.616			
62	0.618	0.615	0.612	0.609			
63	0.604	0.601	0.598	0.595			
64	0.591	0.588	0.585	0.582			
<b>65</b>	<b>0.577</b>	<b>0.574</b>	<b>0.571</b>	<b>0.568</b>			
66	0.563	0.560	0.557	0.554			
67	0.549	0.545	0.541	0.537			
68	0.534	0.531	0.528	0.525			
69	0.520	0.516	0.512	0.508			
<b>70</b>	<b>0.505</b>	<b>0.501</b>	<b>0.497</b>	<b>0.493</b>			
71	0.490	0.486	0.482	0.478			
72	0.475	0.471	0.467	0.463			
73	0.459	0.455	0.451	0.447			
74	0.443	0.439	0.435	0.431			
<b>75</b>	<b>0.426</b>	<b>0.422</b>	<b>0.418</b>	<b>0.414</b>			
76	0.409	0.405	0.401	0.397			
77	0.392	0.388	0.384	0.380			
78	0.375	0.371	0.367	0.363			
79	0.359	0.355	0.351	0.347			
<b>80</b>	<b>0.343</b>	<b>0.339</b>	<b>0.335</b>	<b>0.331</b>			

**Exhibit A-1, Table 3**  
**2 + 2 Retirement Incentive**  
**for Less Than 30 Years of Service**

AGE	MONTHS OF AGE						
	0-2	3-5	6-8	9-11			
<b>50</b>	<b>0.01881</b>	<b>0.01875</b>	<b>0.01869</b>	<b>0.01863</b>			
51	0.01858	0.01852	0.01846	0.01840			
52	0.01834	0.01828	0.01822	0.01816			
53	0.01809	0.02025	0.02241	0.02457			
54	0.02674	0.02884	0.03094	0.03304			
<b>55</b>	<b>0.03512</b>	<b>0.03498</b>	<b>0.03484</b>	<b>0.03470</b>			
56	0.03457	0.03443	0.03429	0.03415			
57	0.03400	0.03385	0.03370	0.03355			
58	0.03341	0.03370	0.03399	0.03428			
59	0.03458	0.03489	0.03520	0.03551			
<b>60</b>	<b>0.03580</b>	<b>0.03562</b>	<b>0.03544</b>	<b>0.03526</b>			
61	0.03509	0.03060	0.02611	0.02162			
62	0.01712	0.01284	0.00856	0.00428			
63 or older	0	0	0	0			

**Exhibit A-1, Table 4**  
**2 + 2 Retirement Incentive**  
**for 30 or More Years of Service**

AGE	MONTHS OF AGE						
	0-2	3-5	6-8	9-11			
<b>50</b>	<b>0.01881</b>	<b>0.01875</b>	<b>0.01869</b>	<b>0.01863</b>			
51	0.01858	0.01852	0.01846	0.01840			
52	0.01834	0.01828	0.01822	0.01816			
53	0.01809	0.02025	0.02241	0.02457			
54	0.02674	0.02884	0.03094	0.03304			
<b>55</b>	<b>0.03512</b>	<b>0.03498</b>	<b>0.03484</b>	<b>0.03470</b>			
56	0.03457	0.03443	0.03429	0.03415			
57	0.03400	0.03385	0.03370	0.03355			
58	0.03341	0.03370	0.03399	0.03428			
59	0.03458	0.03264	0.03070	0.02876			
<b>60</b>	<b>0.02682</b>	<b>0.02232</b>	<b>0.01782</b>	<b>0.01332</b>			
61	0.00881	0.00661	0	0			
62 or older	0	0	0	0			



**Exhibit A-2**  
**COST SAVINGS REALIZATION WORKSHEET**  
**Retirement Incentive Program**

RETIREE'S NAME:					
REPLACEMENT'S NAME:					
LINE ITEM			FULL PAY PLAN	DEFERRED PAY PLAN	MS1169 – 2&3 COLUMN
Retiree pre-retirement salary	1				
Retiree pre-retirement benefits	2	+			
Total retiree salary & benefits	3	=			
Replacement salary	4				
Replacement benefits	5	+			
Total replacement salary & benefits	6	=			12
One year salary & benefit savings (line 3 – line 6)	7				13
Savings period in years (no maximum)	8	X			10
Estimated savings	9	=			
Present value cost from Employer Certification of Member Eligibility form (MS 187)	10				
CalSTRS administrative cost	11		\$290	\$360	
Deferred Payment interest from Employer Certification of Member Eligibility form (MS 187)	12	+			
SUB – TOTAL	13	=			8
Retiree 2 years' Post Retirement Health Care Cost	14	+			9
Total cost of Retirement Incentive Program	15	=			
Net Savings or Loss (9-15)	16	=			

If showing a cost savings from the domino effect, refer to Domino Effect Example (Exhibit A-3) for the formula to use when calculating savings.

**Exhibit A-3**  
**DOMINO EFFECT EXAMPLE**  
**Retirement Incentive Program**

POSITION	SALARY & BENEFITS	SAVINGS	COMBINED SAVINGS
<b>RETIREE 1 PROMOTIONS:</b>  Superintendent retires Senior Principal promoted to Superintendent  Senior Principal before promotion Senior Teacher promoted to Junior Principal  Senior Teacher before promotion Junior Teacher hired	\$90,000 <u>94,000</u>  \$75,000 <u>65,000</u>  \$50,000 <u>35,000</u>	(\$ 4,000)  10,000  <u>15,000</u>	\$21,000
<b>RETIREE 2 – SALARY COST USED FOR OTHER STAFF</b>  Program Director retires No replacement, but 3 lower level staff are hired: Staff one Staff two Staff three  Total Cost of lower level staff	\$80,000  35,000 30,000 <u>25,000</u>  \$90,000	(\$10,000)	(10,000)
<b>RETIREE 3 – PLANNED DELAY IN REPLACEMENT</b>  Program Director retires Plan to replace 3 months after retirement	\$80,000 <u>60,000</u>	\$20,000	20,000
<b>COMBINED DOMINO EFFECT SAVINGS</b>			<b>\$31,000</b>

The above is in reference to Projected Cost Savings (Pages 6 and 7) and the Certification Information form (MS 1169-2 and MS 1169-2i), Instruction #12.

## Employer Certification of Member Eligibility Retirement Incentive Program

1. EMPLOYEE NAME	2. SOCIAL SECURITY NUMBER	3. EFFECTIVE RETIREMENT DATE
4. EMPLOYER (DISTRICT)	5. CalSTRS DISTRICT CODE	6. LAST DAY OF SERVICE (TERMINATION)
7. EMPLOYER CONTACT	8. TELEPHONE NUMBER	9. WINDOW PERIOD (FROM & THROUGH)

10. RETIREMENT INCENTIVE	<input type="checkbox"/> TWO YEARS OF SERVICE CREDIT <input type="checkbox"/> TWO YEARS OF SERVICE CREDIT AND TWO YEARS OF AGE
--------------------------	--

EMPLOYER agrees to pay the California State Teachers' Retirement System the amount due under the selected payment plan:

- ☐ **FULL PAYMENT** Include a check for the **TOTAL AMOUNT DUE**, including the \$290 administrative fee, shown below, within 30 days after the effective retirement date. Interest will accrue after 30 days.
- ☐ **DEFERRED PAYMENT** The employer will be sent an itemized billing annually for eight years. An administrative fee of \$360 will be billed with the first installment. Regular interest is charged at the rate in effect in fiscal year of retirement and calculated from the effective retirement date on the unpaid actual present value balance.

10. ESTIMATED PRESENT VALUE COST WORKSHEET										
COST ITEM	FULL PAYMENT	DEFERRED PAYMENT								
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	TOTAL
ADMINISTRATIVE FEE	290.00	360.00								360.00
PRESENT VALUE*										
INTEREST*										
TOTAL										

\*Follow instructions and example in employer directive carefully to calculate present value and interest for deferred payment.

I hereby certify that this member is eligible to retire and receive two years of additional service or two additional years of service credit and two years of age under the provisions of the applicable Retirement Incentive Programs Education Code sections.	
11. SCHOOL DISTRICT, COUNTY OFFICE OR OTHER EMPLOYING AGENCY OFFICIAL'S SIGNATURE	12. DATE
13. COUNTY OFFICE OF EDUCATION, SUPERINTENDENT OF PUBLIC INSTRUCTION OR CHANCELLOR OFFICIAL'S SIGNATURE	14. DATE

**EMPLOYER CERTIFICATION OF MEMBER ELIGIBILITY**  
**Retirement Incentive Program**

Attachment 7

**Instructions**

1. EMPLOYEE NAME: Name of retiring employee.
2. SOCIAL SECURITY NUMBER: Social Security Number of retiring employee.
3. EFFECTIVE RETIREMENT DATE: The date of the employee's retirement, which must be inside the window period and **MUST** be a minimum of one day after the **LAST DAY OF SERVICE**.
4. EMPLOYER (DISTRICT): Name of school district, county office of education or community college district.
5. STRS DISTRICT CODE: Five-digit CalSTRS reporting unit code. First two digits for the county code and last three digits for the employer code.
6. LAST DAY OF SERVICE (TERMINATION DATE): The last day the employee worked which **MUST** be prior to the retirement date. Employee cannot work and retire on the same day.
7. EMPLOYER CONTACT: Person to contact if the CalSTRS Retirement Incentive representative has questions or instructions regarding this document.
8. TELEPHONE NUMBER: Telephone number of person to contact.
9. WINDOW PERIOD (FROM & THROUGH): Beginning and ending date of window period opened by the formal action of the board. Two year service credit window period must be at least 60 calendar days and not more than 120 calendar days. The board may open as many window periods as desired beginning January 1, 2004 for the two additional years of service credit or January 3, 2004 for two additional years of service credit and two additional years of age. Length of two plus two window periods may be determined by the employer. Window periods for the two plus two may be into the future, but must be established prior to December 31, 2004.
10. ESTIMATED PRESENT VALUE COST WORKSHEET: If selecting full payment, enter the PV amount in the **FULL PAYMENT** column. If selecting deferred payment:
  - a. Enter the PV amount in **DEFERRED PAYMENT TOTAL** column on the **PRESENT VALUE** line; divide eight and enter the result in each of the **YEAR** columns on the **PRESENT VALUE** line (**YEAR 1**, **YEAR 2**, **YEAR 3**, etc.).
  - b. On the worksheet below, enter the PV amount under **PRESENT VALUE** and the interest rate in effect on the retirement date under **INTEREST RATE**. Multiply the **PRESENT VALUE** by the **INTEREST RATE** and enter the result under **UNMODIFIED INTEREST**. Multiply the **UNMODIFIED INTEREST** by the factor shown for each year. Enter the result in the appropriate column on the **INTEREST** line on this worksheet and on the front of MS 187.

PRESENT VALUE	INTEREST RATE	UNMODIFIED INTEREST	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
			X 1	X .875	X .75	X .625	X .50	X .375	X .25	X .125
INTEREST (enter here and on interest line on the front of Employer Certification of Member Eligibility form (MS 187))										

11. SCHOOL DISTRICT, COUNTY OFFICE OR OTHER EMPLOYING AGENCY OFFICIAL'S SIGNATURE: The School District Superintendent, County Office of Education Superintendent, Community College President, or official authorized by these entities may sign.
12. & 14. DATE: Signature dates.
13. COUNTY OFFICE OF EDUCATION, SUPERINTENDENT OF PUBLIC INSTRUCTION OR CHANCELLOR OFFICIAL'S SIGNATURE: In most cases, this will be the County Office of Education Superintendent, State Superintendent of Public Instruction, or the Chancellor. However, any official authorized by these entities may sign.

# **Certification of Employer Participation Retirement Incentive Program**

Page 1 of \_\_\_\_\_

**CaISTRs USE ONLY**  
**APPROVED BY:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

<b>1. EMPLOYER (DISTRICT)</b>	<b>2. CaISTRs DISTRICT CODE</b>
<b>3. EMPLOYER CONTACT</b>	<b>4. TELEPHONE NUMBER</b>
<b>5. INCLUSIVE PERIOD OF PARTICIPATION (WINDOW PERIOD) FOR TWO YEARS OF SERVICE CREDIT.</b>  <b>FROM:</b> _____ <b>THROUGH:</b> _____	<b>6. BOARD APPROVAL DATE</b>
<b>7. INCLUSIVE PERIOD OF PARTICIPATION (WINDOW PERIOD) FOR TWO YEARS OF SERVICE CREDIT AND TWO YEARS OF AGE.</b>  <b>FROM:</b> _____ <b>THROUGH:</b> _____	<b>8. MEMORANDUM OF UNDERSTANDING OR BOARD APPROVAL DATE</b>

- ☐ **9. The EMPLOYER hereby certifies that it is participating in the CaISTRs Retirement Incentive program under the authority of the applicable Retirement Incentive Programs Education Code sections, and that the formal action taken herein will result in a projected cost savings to the EMPLOYER**

Certification Information form MS 1169-2 and (MS 1169-3 if necessary) must be completed and submitted with a copy of the memorandum of understanding or board approval minutes.

The EMPLOYER agrees to comply with the administrative requirements set forth in the California State Teachers' Retirement System Employer Directive.

<b>I hereby certify that on the BOARD APPROVAL DATE OR MEMORANDUM OF UNDERSTANDING DATE shown above, the above-named EMPLOYER, by formal action, exercises the provisions of the applicable Retirement Incentive Program Education Code sections, with the INCLUSIVE PERIOD OF PARTICIPATION (WINDOW PERIOD) to be as shown above.</b>	
<b>10. SCHOOL DISTRICT, COUNTY OFFICE OR OTHER EMPLOYING AGENCY OFFICIAL'S SIGNATURE</b>	<b>11. DATE</b>
<b>12. COUNTY OFFICE OF EDUCATION, SUPERINTENDENT OF PUBLIC INSTRUCTION OR CHANCELLOR OFFICIAL'S SIGNATURE</b>	<b>13. DATE</b>

CALSTRS HAS NO AUTHORITY TO APPLY AN ADDITIONAL 2 YEARS RETIREMENT INCENTIVE SERVICE CREDIT OR TWO ADDITIONAL YEARS OF SERVICE CREDIT AND TWO YEARS OF AGE TO A MEMBER'S ACCOUNT UNTIL ALL CONDITIONS OF THE APPLICABLE RETIREMENT INCENTIVE PROGRAMS HAVE BEEN MET. PLEASE REFER TO THE EMPLOYER DIRECTIVE FOR THE APPLICABLE EDUCATION CODE SECTIONS IF NEEDED.

## CERTIFICATION OF EMPLOYER PARTICIPATION Retirement Incentive Program

### Instructions

1. EMPLOYER (DISTRICT): Name of school district, County Office of Education or community college district.
2. CAISTRS DISTRICT CODE: Five-digit CalSTRS reporting unit code – first two digits for the county code and last three for the employer code.
3. EMPLOYER CONTACT: Person to contact if the CalSTRS Retirement Incentive technician has questions or instructions regarding this document.
4. TELEPHONE NUMBER: Number of person to contact.
5. WINDOW PERIOD (FROM & THROUGH): Beginning and ending date of window period opened by the formal action of the board. Two year service credit window period must be at least 60 calendar days and not more than 120 calendar days. The board may open as many window periods as desired beginning January 1, 2004 for the two additional years of service credit. Window periods may be into the future, but must be established prior to December 31, 2004. Window periods may be consecutive, but may not overlap.
6. BOARD APPROVAL DATE: Date board took formal action to open the window period. This date must be on or before the 'FROM' date of the window period.
7. WINDOW PERIOD (FROM & THROUGH): Beginning and ending date of window period opened by the formal action of the board. The board may open as many window periods as desired beginning January 3, 2004 for two additional years of service credit and two additional years of age. Length of two plus two window periods may be determined by the employer. Window periods may be into the future, but must be established prior to December 31, 2004.
8. MEMORANDUM OF UNDERSTANDING OR BOARD APPROVAL DATE: Date board took formal action to open the window period. This date must be on or before the 'FROM' date of the window period.
9. CRITERIA SELECTION: Check to box to certify cost savings.
10. SCHOOL DISTRICT, COUNTY OFFICE OR OTHER EMPLOYING AGENCY OFFICIAL'S SIGNATURE: In most cases, this will be the School District Superintendent, County Office of Education Superintendent, or Community College President. However, any official authorized by these entities may sign.
11. DATE: Signature date.
12. COUNTY OFFICE OF EDUCATION, SUPERINTENDENT OF PUBLIC INSTRUCTION OR CHANCELLOR OFFICIAL'S SIGNATURE: In most cases, this will be the County Office of Education Superintendent, State Superintendent of Public Instruction, or the Chancellor. However, any official authorized by these entities may sign.
13. DATE: Signature date.

## Certification Information Retirement Incentive Program

1. EMPLOYER (DISTRICT)		2. INCLUSIVE PERIOD OF PARTICIPATION (WINDOW PERIOD) FROM THROUGH									
RETIREE DATA					EMPLOYER RETIREMENT COSTS			SALARY AND BENEFITS			
3. SOCIAL SECURITY NUMBER	4. LAST NAME, FIRST INITIAL	5. TYPE OF POSITION	6. AGE YRS MOS	7. CalSTRS YRS OF SERVICE	8. ADMIN. FEE, PRESENT VALUE PLUS ANY INTEREST	9. 2 YRS' POST RETIREMENT HEALTH CARE BENEFIT COSTS	10. Cost sygs yrs (8+9/13)	11. RETIREE	12. REPLACEMENT (IF ANY)	13. SALARY AND BENEFIT SAVINGS (11-12)	
*Total positions vacated		**Totals for all pages			a)	b)	Total Salary and Benefit savings		d)		
					Costs (a + b)		c)	Net savings (d – c)		e)	
<p>I hereby certify that this is a projected accounting of information for the above named employer, resulting from formal action taken pursuant to the applicable Retirement Incentive Programs Education Code as required by the Controller's Audit Guide or (as applicable).</p>					14. SCHOOL DISTRICT, COUNTY OFFICE OR OTHER EMPLOYING AGENCY OFFICIAL'S SIGNATURE			15. DATE			
					16. COUNTY OFFICE, SUPERINTENDENT OF PUBLIC INSTRUCTION OR CHANCELLOR OFFICIAL'S SIGNATURE			17. DATE			



Attachment 11

Page #: \_\_\_ of \_\_\_

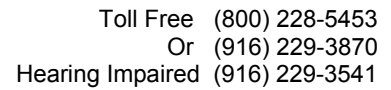
MS 1169-3 (Rev. 12/03)



## CERTIFICATION INFORMATION Retirement Incentive Program

### Instructions

1. EMPLOYER (DISTRICT): Name of school district, County Office of Education or community college district.
2. INCLUSIVE PERIOD OF PARTICIPATION (WINDOW PERIOD): (same as item 5 on Certification of Employer Participation MS 1169-1)
3. SOCIAL SECURITY NUMBER: Social security number of retiree.
4. LAST NAME, FIRST INITIAL: Last name and first initial of the retiree.
5. TYPE OF POSITION: Type of position being held by the retiree.
6. AGE YEARS AND MONTHS: Age in years and months of the retiree on the retirement date.
7. CALSTRS YEARS OF SERVICE: Total number of years of CalSTRS service credit. This information may be obtained from the retiree, calling CalSTRS Call Center, or by logging onto the Remote Employer Access Program (REAP) and checking the Balance Query (BALQ) screen.
8. ADMINISTRATIVE FEE, PRESENT VALUE, PLUS ANY INTEREST: The total of the CalSTRS Administrative Fee, plus Present Value, (plus interest if deferred payment is selected). Amount should agree with the total cost shown on MS187, plus any amount charged by the County Superintendent, Superintendent of Public Instruction, or Chancellor to cover certification costs.
9. POST RETIREMENT HEALTH CARE BENEFIT COSTS: Employer cost of post retirement health care benefits directly related to the Retirement Incentive Program
10. COST SVGS YRS (8 + 9/13): Number of years to realize cost savings is computed by adding columns 8 & 9 and dividing by column 13.
11. RETIREE CONTRACT SALARY AND BENEFITS: Years of earnable contract salary and benefits for the retiree, taking probable salary increase into account necessary to achieve cost savings.
12. REPLACEMENT (IF ANY) CONTRACT SALARY AND BENEFITS: Years of earnable contract salary and all benefits for the retiree and the replacement (if any), taking probable salary increases into account necessary to achieve cost savings. If the replacement has not been hired, estimate this amount. See Cost Savings Realization Worksheet (EXHIBIT A-2). If there will be no replacement, enter zero. The domino effect may be used when internal promotions are a direct result of a Retirement Incentive Program retirement. For example, if a retiring principal is replaced by promoting a vice principal, the vice principal is replaced by a promoted teacher, and the promoted teacher is replaced by a newly hired teacher, the replacement salary used would be the total savings from each promotion. To indicate the domino effect, attach a schedule showing the cost savings for each employee involved. See Domino Effect Example (EXHIBIT A-3) for examples.
13. SALARY AND BENEFIT SAVINGS: Item 11 minus Item 12.
14. SCHOOL DISTRICT, COUNTY OFFICE OR OTHER EMPLOYING AGENCY OFFICIAL'S SIGNATURE: In most cases, this will be the School District Superintendent, County Office of Education Superintendent, or Community College President. However, any official authorized by these entities may sign.
15. & 17 DATE: Signature date.
16. COUNTY OFFICE OF EDUCATION, SUPERINTENDENT OF PUBLIC INSTRUCTION OR CHANCELLOR OFFICIAL'S SIGNATURE: In most cases, this will be the County Office of Education Superintendent, State Superintendent of Public Instruction, or the Chancellor. However, any official authorized by these entities may sign.



Date: (date signed) .